

(SABR), Local Recording Data Transfer Requirements (LRDTR), and Local Account Maintenance Requirements (LAMR).

Even after the enactment of the 1996 Act on February 8, 1996, BellSouth continued to hold fast to its position that electronic interfaces were neither needed nor legally required. Between February and May 1996, AT&T repeatedly emphasized to BellSouth its need for electronic interfaces, continued to transmit its electronic interface requirements to BellSouth, and advised BellSouth of AT&T's willingness to enter the market with interim electronic interfaces for service order processing and provisioning as a starting point, in order to avoid additional delay in its ability to enter the local service market. Nonetheless, BellSouth would not commit to provide even interim interfaces.

In April of 1996, AT&T continued to press its request for nondiscriminatory access to OSS by notifying BellSouth's Vice President and Chief Operating Officer of AT&T's concern over BellSouth's repeated failure to commit to the development of electronic interfaces.¹ In a letter from W. J. Carroll to F. Duane Ackerman dated April 24, 1996, AT&T reiterated its concern that BellSouth had AT&T's requirements in hand for six months, yet had not committed to develop the necessary interfaces. AT&T requested that BellSouth commit to provide electronic interfaces and be ready for joint testing with AT&T by July 1, 1996. BellSouth responded that it was committed to support AT&T's entry only "using processes in place today." Further, BellSouth stated that it did not believe EDI was a "legal or operational requirement for

¹ Letter from W. J. Carroll (AT&T) to F. Duane Ackerman (BellSouth), dated April 24, 1996 (Attachment 1a).

AT&T to enter the market as a reseller." BellSouth explained that it was still examining whether it would provide the EDI interface to CLECs.²

Four days later, on April 30, 1996, BellSouth changed course and advised AT&T that it was prepared to move forward with EDI implementation.³ Although BellSouth would not commit to an implementation date, it indicated that the overall time frame would be no more than three months from the May 6, 1996 commencement of negotiations on the transaction sets to be used and the detailed definition of data requirements. However, BellSouth's Agreement to proceed with the development of EDI interfaces was coupled with a request that AT&T withdraw its December 21, 1995 petition to the Georgia PSC. AT&T declined to do so, noting among other things that BellSouth's proposal did not meet AT&T's consistently communicated target of interim electronic interfaces by July 1, 1996.⁴

Despite its written commitment to proceed with development of interim EDI interfaces, BellSouth continued to argue that such electronic interfaces were not legally required. As it stated in a May 16, 1996 letter, "BellSouth maintains that the PC to PC fax interface initially proposed [by BellSouth] meets the letter and spirit of the Telecommunications Act of 1996 as to

² Letter from W. Scott Schaefer (BellSouth) to William J. Carroll (AT&T), dated April 26, 1996 (Attachment 1b).

³ Letter from W. Scott Schaefer (BellSouth) to William J. Carroll (AT&T), dated April 30, 1996 (Attachment 1c).

⁴ Letter from William J. Carroll (AT&T) to W. Scott Schaefer (BellSouth), dated May 7, 1996 (Attachment 1d).

interface requirements between the incumbent local exchange carrier and other local exchange carriers."⁵ BellSouth reiterated on May 30, 1996, its support for such a fax interface.⁶

On May 29, 1996, the Georgia PSC decided AT&T's petition and ruled that AT&T's request for electronic interfaces was "timely and appropriate in that it is imperative that a reseller have access to the same service ordering provisions, service trouble reporting and informational databases for their customers as does BellSouth."⁷ The Georgia PSC ordered BellSouth to provide the requested interfaces by July 15, 1996.

BellSouth, however, immediately petitioned for reconsideration of the PSC's decision, arguing that it had no obligation under the 1996 Act to provide AT&T electronic access to BellSouth's OSS, and that such electronic interfaces were not feasible.⁸ In a "report" that it filed concurrently with the petition, BellSouth stated that: (1) its initial objective was to provide minimal interfaces that suited the needs of "'Mom and Pop' resellers," postponing the development of "more sophisticated interfaces" (such as those that would be required by AT&T); (2) resellers could enter the local market by faxing service order request forms to BellSouth's service centers; and (3) BellSouth had only begun to design the electronic interfaces required for pre-ordering

⁵ Letter from W. Scott Schaefer (BellSouth) to William J. Carroll (AT&T), dated May 16, 1996 (Attachment 1e).

⁶ Letter from W. Scott Schaefer (BellSouth) to William J. Carroll (AT&T), dated May 30, 1996 (Attachment 1f).

⁷ Docket No. 6352-U, Petition of AT&T for the Commission to Establish Resale Rules, Rates, Terms and Conditions and the Initial Unbundling of Services, (Ga. PSC), Order issued May 29, 1996) ("Georgia Resale Order"), p. 12.

⁸ BellSouth Motion for Reconsideration and Clarification filed June 21, 1996, in Docket No. 6352-U (Ga. PSC), p. 17 n.4.

information in May 1996 (despite AT&T's continuous requests since September 1995 for electronic interfaces).⁹

On July 2, 1996, in response to BellSouth's petition for reconsideration, the Georgia PSC issued a supplemental order which required, among other things, that BellSouth:

- Provide by August 15, 1996, the technical specifications and processes for BellSouth's proposed interactive electronic pre-ordering solution, interactive direct order entry, and TAFI (maintenance and repair) interface;
- Implement by December 31, 1996, but no later than April 1, 1997, BellSouth's proposed interactive electronic pre-ordering solution;
- Make fully operational by December 15, 1996, the Electronic Data Interface ("EDI") capability for receipt and transmission of orders for services in BellSouth's General Subscriber Services and Private Line Tariffs; and
- Implement, and make fully available, an interactive direct order entry capability by March 31, 1997.¹⁰

In response to this order, and without advance consultation or notice to AT&T, BellSouth advised the Georgia PSC on August 15, 1996, that it would not offer AT&T machine-to-machine electronic access to its OSS, but intended to provide only a human-to-machine, web-based interface that would not be integrated with AT&T's own systems.¹¹ AT&T returned to the Georgia PSC, pointing out that BellSouth's web-based architecture was discriminatory because of

⁹ BellSouth's Preliminary Report to the Georgia Public Service Commission, "Operational Interfaces between BellSouth and Resellers," filed June 21, 1996 ("BellSouth Report"), pp. 4, 9, 14.

¹⁰ See Docket No. 6352-U, supra, Order issued July 2, 1996, pp. 4-5.

¹¹ See BellSouth's Report To the Georgia PSC, "Electronic Interfaces for Local Service Resellers: Monthly Surveillance Report," filed August 15, 1996, in Docket No. 6352-U (Ga. PSC), pp. 12-23. That web-based interface is BellSouth's Local Exchange Navigation System ("LENS").

its requirement of manual intervention, which inhibits the development of competition in the local exchange market.¹² On December 4, 1996, in the context of the AT&T/BellSouth interconnection arbitration, the Georgia PSC reiterated its requirement that certain EDI ordering interfaces be implemented by March 31, 1997, and certain pre-ordering interfaces by April 1, 1997. The Georgia PSC also determined that BellSouth's web proposal would be adequate only as an interim solution.¹³

Because BellSouth insisted that it would devote its efforts to providing a web-based interface (i.e., LENS), AT&T reluctantly decided to pursue obtaining from BellSouth – as an interim measure – certain of the data streams underlying BellSouth's web page proposal. AT&T hoped that it might be able to develop back office interfaces on its end, such as a Common Gateway Interface (“CGI”), that could integrate LENS with its own system and thus use this information on a machine-to-machine basis. AT&T therefore sought both (1) technical specifications from BellSouth on its LENS web proposal, and (2) follow-up meetings with BellSouth. On September 6, 1996, BellSouth produced a “White Paper” to AT&T outlining two methods, including the CGI interface, that it thought could be used to provide such data streams

¹² See letter from Roxanne Douglas (AT&T) to Terri M. Lyndall, Executive Secretary, Ga. PSC, dated October 30, 1996, and filed in Docket No. 6352-U, supra, pp. 2-3.

¹³ Docket No. 6801, In re: Petition by AT&T for Arbitration of Interconnection Rates, Terms and Conditions with BellSouth Telecommunications Inc. Under the Telecommunications Act of 1996 (Ga. PSC), Order Ruling on Arbitration, issued December 4, 1996, pp. 22-23. Because AT&T was negotiating access to BellSouth's OSS on a region-wide basis, this resolution in Georgia effectively applied to BellSouth's provision of OSS access in South Carolina as well. Such OSS access therefore was not an issue in the BellSouth/AT&T arbitration in South Carolina.

separate from the web page data.¹⁴ However, the White Paper by itself did not contain the tag values and specifications needed for AT&T to develop a CGI interface. BellSouth did not provide such specifications to AT&T, and would not even meet with AT&T on the web proposal until January 23, 1997. At the January 23, 1997 meeting, BellSouth advised AT&T that its focus, resources and priority were dedicated to the implementation of the LENS web interface, rather than development of the CGI interface or other methods of integrating LENS with AT&T's systems.¹⁵ As discussed in my affidavit, although BellSouth later purported to supply CGI specifications, it repudiated them in April 1997.

¹⁴ "White Paper -- Application Access to Web Server," dated September 6, 1996 (Attachment 1g).

¹⁵ As will be discussed below, BellSouth did not provide the requested specifications until March 20, 1997 -- and later retracted them.

ATTACHMENT 1a



William J. (Jim) Carroll
Vice President

Room 4170
1200 Peachtree St. NE
Atlanta, GA 30309
404 810-7262

April 24, 1996

Via Hand Delivery

Mr. F. Duane Ackerman
Vice President & Chief Operating Officer
BellSouth Corporation
1155 Peachtree Street, NE
Room 2010
Atlanta, GA 30309

Dear Duane:

On March 6, you replied to our March 4, 1996 request for negotiations under the Federal Telecommunications Act of 1996. You pointed out that negotiations had been underway for quite some time. In fact, BellSouth has had our requirements for Total Services Resale for over six months without responding to the Electronic Interfaces necessary for pre-service ordering, service order processing and provisioning, and service trouble reporting.

BellSouth continues to delay AT&T's market entry capability. Attached is an escalation request I made to Charlie Coe on April 4, 1996 in connection with this issue. Charlie's response dated April 12, 1996 received April 17, 1996, includes continued delay. We are requesting that BellSouth commit to provide the Electronic Interfaces and be ready for joint testing by July 1, 1996. Please advise.

Regards,

A handwritten signature, likely of J. Drummond, consisting of a stylized 'J' and 'D' with a small 'm' at the end.

Attachment

cc: J. Drummond
C. Coe

**Status of AT&T/BellSouth Negotiations under the
Telecommunications Act of 1996 (for states of GA, FL, NC, TN)
4/4/96**

TOTAL SERVICES RESALE

Issue	Status	Action Requested
<u>Electronic Interfaces - General</u>	<ul style="list-style-type: none"> • BellSouth has had requirements for over 6 months with no firm long term solutions. • BS Steering Committee expecting interface business case 5/1. 	<ul style="list-style-type: none"> • Accelerate completion/analysis of business case to support desired 4/15 interface definitions, etc. • Commit to interim EDI arrangements other RBOCs are agreeing to. • Agree to BellSouth/AT&T technical teams working closely, in parallel, immediately to define/develop interfaces.
⇒ Pre-Service Ordering	<ul style="list-style-type: none"> • Some interim (Phase I) pre-ordering interfaces available for joint testing between 4/15-5/1. • No schedule for delivery of long term (Phase II) interfaces. 	<ul style="list-style-type: none"> • Commit to define Phase II (electronic) interfaces by 4/15/96 and be ready for joint testing 7/1/96.
⇒ Service Order processing & provisioning	<ul style="list-style-type: none"> • Phase I interfaces proposed as manual fax/telephone calls. • BellSouth advocating awaiting OBF solution. 	<ul style="list-style-type: none"> • Commit to define Phase II (electronic) interfaces by 4/15/96 and be ready for joint testing 7/1/96.
⇒ Service Trouble reporting	<ul style="list-style-type: none"> • Partial agreement in maintenance area -- agree to provide electronic transfer of Maintenance Trouble Report. • Testing Required. 	<ul style="list-style-type: none"> • Commit by 4/15/96 to provide electronic interfaces testing by 3Q/4Q 1996.

ATTACHMENT 1b

BELLSOUTH
TELECOMMUNICATIONS ©

April 26, 1996

William J. Carroll
Vice President
Room 4170
1200 Peachtree St., NE
Atlanta, Ga. 30309

Dear Jim:

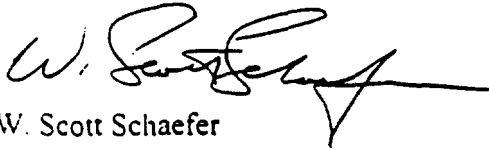
This letter is in response to your April 24, 1996, letter to F. Duane Ackerman. As you mentioned, AT&T and BellSouth have been jointly and voluntarily discussing AT&T's possible resale of BellSouth services since August of last year. Upon receipt of AT&T's March 4, 1996, letter, BellSouth immediately formed a negotiation team (Attachment I) and our companies began formal negotiations under the Telecommunications Act of 1996. BellSouth has dedicated substantial resources to this effort and continues to add resources as new issues surface. BellSouth has committed to support AT&T's entry into the local market via resale using processes in place today to accommodate all resellers' entry into that market.

We acknowledge AT&T's request for BellSouth to provide certain operational functions via specific methods such as the use of EDI for the delivery of orders to BellSouth. Although BellSouth believes EDI is not a legal or operational requirement for AT&T to enter the market as a reseller in good faith we are investigating the potential implementation of the interface AT&T desires. This investigation will conclude in the next few days and a formal position regarding BellSouth's use of EDI will be provided to AT&T at that time.

Joint AT&T/BellSouth subject matter expert meetings on this and other elements of ongoing negotiations have intensified greatly since negotiations began under the Telecommunications Act of 1996. BellSouth and AT&T are both working to ensure resources involved in negotiations are employed as effectively as possible. Per your request on our phone call April 24, 1996, Attachment II provides two examples of instances where BellSouth was ready to negotiate but AT&T representatives were not prepared.

BellSouth is committed to conducting our negotiations in an expeditious manner and look forward to a successful conclusion. Martha McDonald of my office is working with your assistant to schedule time next week for us to discuss negotiation issues. I look forward to seeing you then.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Scott Schaefer', with a stylized flourish at the end.

W. Scott Schaefer
Acting Vice President
InterConnection Services

cc: F. Duane Ackerman
Charles B. Coe

ATTACHMENT 1c

April 30, 1996

Mr. William J. Carroll
Vice President
Room 4170
1200 Peachtree St., NE
Atlanta, Ga. 30309

Dear Jim:

In a letter dated April 26, 1996, BellSouth advised AT&T that evaluation of AT&T's proposed EDI interface for transmitting local service requests was near completion. Based on the results of that evaluation, BellSouth is now prepared to move forward with EDI implementation, subject to the following parameters:

Scope:

Our discussions to date have centered primarily around resale. However, BellSouth intends to complete both resale and facilities-based ordering scenarios simultaneously. Specifically, we initially will support an interface for residence and business basic exchange services, as well as number portability and listings, that includes service order transmission and firm order confirmation.

Timeline:

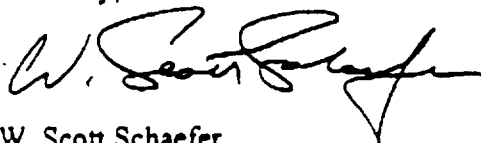
As I am sure you are aware, standard EDI implementations generally proceed in phases, the first of which includes the negotiation of the transaction sets to be used and the detailed definition of data requirements. BellSouth is prepared to begin intensive negotiations with AT&T to jointly develop these elements. BellSouth has assigned the necessary technical experts to this project and those experts are available to work with AT&T on a priority basis beginning May 6, 1996. Specific arrangements can be coordinated by the BellSouth/AT&T core negotiating team.

The overall completion date for the EDI effort is dependent upon the completion of Phase One. Therefore, BellSouth is unable to commit to a final implementation date at this time. However, a preliminary view indicates the overall time line will be no more than three months from the time the Phase One work begins.

It is BellSouth's understanding from discussions with AT&T last week that AT&T's request for an electronic ordering interface will be satisfied by BellSouth's implementation of an EDI arrangement for local service requests. BellSouth, therefore, expects that AT&T will withdraw this issue from its petition before the Georgia Public Service Commission. In addition, BellSouth would expect AT&T's support in the Operations and Billing Forum (OBF) of the specific EDI development being pursued by BellSouth as a result of AT&T's request. BellSouth also understands that ~~AT&T has~~ indicated a willingness to pay for the electronic interfaces being requested. Rather than developing separate charges, BellSouth's intention is to net the appropriate costs against the avoided costs associated with resale.

Finally, BellSouth must take issue with AT&T's continued assertion that no response or progress on electronic interfaces for pre-service ordering and service trouble reporting. BellSouth has, in fact, developed pre-ordering interfaces to access information from two systems for a May 1, 1996, availability date, which was the original commitment to AT&T. In addition, the existing IXC gateway for electronic trouble reporting continues to be available for AT&T's use ~~as a reseller~~.

Sincerely,



W. Scott Schaefer
Acting Vice President
InterConnection Services

cc: Suzie Lavett

ATTACHMENT 1d



William J. (Jim) Carroll
Vice President

May 7, 1996

Room 4170
1200 Peachtree St., NE
Atlanta, GA 30309
404 810-7262

Via hand Delivery and Facsimile

W. Scott Schaefer
Acting Vice President
InterConnection Services
BellSouth Telecommunications, Inc.

Dear Scott:

In your letter dated 4/30, you announced BellSouth's intention to move forward with an EDI implementation. Accordingly, we have aligned systems development resources from our companies and have scheduled two conference calls this week and a two-day meeting for next week. While I am encouraged by these steps forward, I find it necessary to again point out that your letter provides only a partial response to AT&T's request.

As you are aware, AT&T has requested real-time electronic interfaces and access to information and systems required to support all aspects of local services resale and unbundled elements, including but not limited to ordering, pre-ordering, provisioning, and maintenance. Real time interfaces are required to provide customers with competitive alternative service at parity with that of the incumbent LEC -- BellSouth, and is totally consistent with the letter and spirit of the Telecommunications Act of 1996. To date, we have not seen enough of the details regarding BellSouth's EDI plan to determine if it is satisfactory as more than an interim solution. Additionally, over the past months, AT&T has repeatedly stated its need to have these interfaces available by 7/1/96 in order to meet our market entry targets. Your letter proposes EDI availability in a timeframe which fails to meet AT&T's required availability date.

Accordingly, based on our current understanding of BellSouth's planned EDI implementation, your proposal falls short of meeting AT&T's requirements and further postpones the introduction of meaningful competition in the marketplace. As a result, we cannot unconditionally withdraw this issue from our petition before the Georgia Public Service Commission.

We would, however, be willing to withdraw this issue from our petition at the Georgia PSC upon full satisfaction of all the following conditions:

1. BellSouth agrees to provide real-time electronic interfaces in all nine states within the BellSouth territory.
2. These interfaces are made operational in Georgia by 7/1 and by 10/1, BellSouth and AT&T will agree to operational dates for the other eight states based on our experiences in Georgia relative to electronic interfaces.
3. BellSouth agrees to a 15% operational inefficiencies discount (as compared to AT&T's proposed 10% operational inefficiencies discount now pending at the Georgia PSC) until these interfaces are delivered, resulting in service parity.
4. All other terms and conditions relative to real-time electronic interfaces are fully negotiated, agreed to, and documented in writing by BellSouth and AT&T no later than 5/19, including AT&T's right to petition or otherwise complain to any state commission or court of competent

jurisdiction regarding BellSouth's failure to meet any of the above conditions.

In addition to the foregoing, I also would like to clarify AT&T's position on several issues.

AT&T proposed EDI as an interim solution. AT&T recognizes that several approaches may result in the desired end of real-time access to information and systems. Although AT&T proposed EDI as one possible interim solution, other methods (including NDM) were also suggested. AT&T encouraged BellSouth to research any solution which would meet AT&T's needs and provided BellSouth with names of other companies who might share their experience in this regard.

Regarding the scope of the electronic interface development, AT&T agrees to the simultaneous development for resale and facilities-based only to the extent this would not jeopardize our operational dates for total services resale.

Regarding the timeline for delivery of BellSouth's EDI implementation, we have talked repeatedly about the need for a 7/1 completion date of full real time electronic interfaces; however, based on the process you describe, I believe availability of these interfaces will not occur until 90 days from 5/6. This timeline will make it unlikely that interim electronic interfaces will be available prior to August. AT&T continues to require 7/1 availability and has the resources required to meet this date. What we lack at present is your commitment to meet this date.

Regarding your expectation that AT&T support BellSouth's proposed EDI solution in the Operations and Billing Forum (OBF), at this time it is premature to determine if the proposed EDI solution will meet AT&T's long term needs. However, as we more fully understand BellSouth's proposal, AT&T remains willing to advocate standards which are in the interests of both AT&T and BellSouth at this and other industry forums, both for interim as well as long term standards.

Finally, in connection with any costs associated with the development of electronic interfaces, it has been AT&T's experience and expectation that BellSouth would achieve such significant operational efficiencies as a result of this development (as compared to manual operations), and that development costs would be nominal. Accordingly, any such costs should be funded by BellSouth. If it is determined that development costs are significant, these costs should be borne by the industry because all will benefit from the development of these interfaces and the resultant competition. It would not be acceptable for BellSouth to "net" these development costs against avoided cost discount.

I hope the foregoing is helpful regarding the issues surrounding electronic interfaces. I look forward to discussing these issues in more detail when we meet this afternoon.

Sincerely,



William J. Carroll

cc: C. Coe

ATTACHMENT 1e



May 16, 1996

William J. Carroll
Room 4170
1200 Peachtree Street, N.E.
Atlanta, Georgia 30309

Dear Jim:

The purpose of this letter is to respond to your three letters to Duane Ackerman, of May 6, 1996 and your letter of May 7, 1996 addressed to me.

May 6, 1996 letters to Duane Ackerman regarding Alabama and Kentucky--BellSouth is pleased that AT&T has elected to begin interconnection, unbundling and resale negotiations for the states of Alabama and Kentucky. BellSouth will now consider these states as a part of the ongoing negotiations between our two companies and will recognize May 6, 1996 as the official date for both states. If this is not the case, please let me know.

Secondly, BellSouth suggests that the two companies go ahead and include the rest of the BellSouth states in the negotiations. If this proposal is acceptable to you, BellSouth will consider the official commencement date for negotiations to be the date of your written acceptance of this proposal.

May 6, 1996 letter to Duane Ackerman regarding operational interfaces and May 7, 1996 to me regarding same--BellSouth maintains that the PC to PC fax interface initially proposed meets the letter and spirit of the Telecommunications Act of 1996 as to interface requirements between the incumbent local exchange carrier and other local exchange carriers. Further, the fax interface is immediately available thus facilitating AT&T's immediate entry into the local exchange reseller market.

Nonetheless, BellSouth has been willing to go further than the requirements of the law through its consideration and offer to provide an electronic interface system for service order transfer and confirmation. It is our expectation that representatives from BellSouth and AT&T will soon be able to agree on the specific requirements for this system.

In addition to the above-mentioned EDI development, BellSouth has continued to explore options for addressing AT&T requests and has taken the following steps:

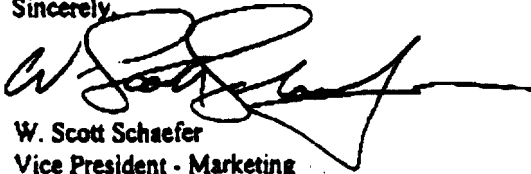
- (1) BellSouth has developed an initial view of pre-ordering electronic interfaces including electronic access to: RSAG - End office (CLLI) NPA-NXX information, PSIMS - Feature and function availability, ATLAS - Telephone number assignment, DSAP - Due date scheduling.
- (2) BellSouth has developed an initial view of the work necessary to complete service orders to AT&T via an EDI interface.
- (3) BellSouth will consider authorizing the design phase to begin on both the abovementioned items pending acceptance by AT&T of the terms outlined in the following paragraphs.

BellSouth has two mechanisms for recovering the costs of this additional and discretionary work. The costs of the development of the systems can be netted against the discount offered to resellers for the purchase of BellSouth's retail telecommunications services or the cost can be recovered through non-recurring charges.

At present, AT&T is the only reseller to request that the interface between BellSouth and itself be through electronic systems. Further, in your May 1, 1996 letter, you specifically rejected BellSouth's proposal to net the costs of the development of electronic interface from the discount offered to resellers by BellSouth. BellSouth was surprised by AT&T's reaction to the "netting" concept due to earlier informal indications from AT&T that this method would be worthy of serious consideration and because this approach would spread the costs across resellers utilizing the BellSouth network. As discussed in our meeting of May 14, BellSouth is requesting AT&T put forth a proposal for BellSouth's recovery of these costs that would be acceptable to both parties.

I look forward to our regularly scheduled meetings regarding the negotiations.

Sincerely,



W. Scott Schaefer
Vice President - Marketing
InterConnection Services

bcc: Duane Ackerman	Hank Anthony
Charles Coe	Suzie Lavett
Jere Drummond	Mary Jo Peed
	Allan Price

ATTACHMENT 1f

*received by Mail 6/5
let previously received by
facsimile*

*Copy to Pam
Jay
Hottel*

May 30, 1996

Mr. William J. Carroll
Room 4170
1200 Peachtree St., NE
Atlanta, Ga. 30309

Dear Jim:

As discussed in our May 21, 1996, Executive Team meeting, BellSouth believes that "total services resale" encompasses the resale of services as they are offered to BellSouth end users. AT&T contends that some alterations to existing services are appropriate in a resale environment. In spite of our disagreement in this area, BellSouth agreed to revisit technical concerns associated with the development of local services that allow the routing of Operator, Directory Assistance and Repair calls to AT&T in a Total Service Resale environment. In addition, BellSouth felt it prudent to reexamine its policy regarding AT&T's request at this time. BellSouth has concluded that our policy is sound.

BellSouth has further concluded that even absent the policy difference, it is not technically able to provide the services to AT&T in the manner requested. Therefore, BellSouth will no longer pursue technical alternatives regarding the routing of directory assistance, operator and repair service calls in a "total services resale" environment beyond following through to closure our current discussions.

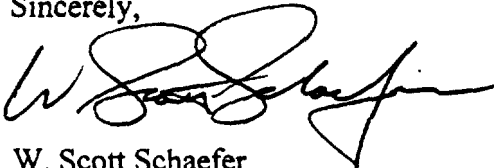
Section 251(c)(4) of the Telecommunications Act of 1996 required a LEC to offer for resale "any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers". Operator Services, Directory Assistance, and Repair Service are not offered to end users. Rather, they are part of some other service, such as a residential line or business line. Therefore, the matters under discussion are not available in a "resale" environment.

Neither are they matters that are required to be unbundled. 251(c)(3) required unbundling only of "network elements". The definition of "network element" clearly does not encompass such matters as those under discussion. In any event, even if BST wished to make those matters available for unbundling, as BST has previously explained to AT&T, it would not be technically possible to do so.

BellSouth has made available to local exchange companies its directory assistance services to allow other companies' customers to obtain telephone numbers and its operator call completion services for use by other companies' customers for completing operator assisted calls. While these services do not constitute network elements under 251(c)(3) of the Act, BellSouth is happy to discuss AT&T's use of these services as a facilities based local exchange carrier.

BellSouth proposes that we agree to disagree on this AT&T requirement and move forward to finalize our Total Services Resale agreement. I look forward to the successful conclusion of our negotiations.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Scott Schaefer', written over a horizontal line.

W. Scott Schaefer
Vice President - Marketing
InterConnection Services

ATTACHMENT 1g